

Northwest Iowa Power Cooperative (NIPCO) headquartered in Le Mars, Iowa delivers wholesale power to 6 distribution and one municipal electric cooperative in western Iowa who supply this power to over 30,000 retail consumers. NIPCO receives approximately 20% of its energy from the Western Area Power Administration (Western). NIPCO has also has transmission arrangements to deliver power to 13 municipals in western Iowa that receive a portion of their power from Western.

The long-term-relationship that has existed between the federal government and the not-for-profit utility customers has provided cost based, affordable energy to a region of the country where consumers per mile of line are measured in single digits not multiples of 10 or 100. These customers pay for the federal hydropower investment which ensures the continued success of the other purposes of the Power Marketing Administrations (PMAs) including flood control, irrigation and recreation among others.

I have concerns that about a number of proposals that were identified in the Department of Energy's March 16, 2012 memorandum. Many of the Secretary's concerns are already being addressed.

- Since 2008, Iowa been actively involved with collaborative program of energy efficiency among the cooperatives, municipals and Investor owned utilities. We have had an ongoing program of efficient energy use years before this collaboration.
- NIPCO has maintained an active demand control system since 1983. This system has saved our consumers substantial amounts of money through the control of water heaters, heating and cooling systems, irrigation and the ability to utilize their own generation as system peaks occur. These highly successful programs are being threatened by proposed Reciprocating Internal Combustion Engine (RICE) rules that limit this generation and by new Department of Energy water heater standards that could virtually eliminate this existing load control program.
- NIPCO is part of a larger group of electric cooperatives that have integrated over 800 MW of wind generation in Western's region and have integrated locally owned renewable resources into our system without any mandates.
- When federal appropriations have fallen short, Western along with its existing customers have developed unique and creative approaches to customer funding without the need for third party financing.

The PMA customers have already developed or are currently developing many of the concepts identified in the March 16 memo. Each PMA has challenges unique to its region. A one-size fits all approach as identified in the memo is too broad and prohibitively expensive. Added costs with no additional value will harm the customers of the PMAs.

We enjoy an excellent working relationship with Western's Management and Staff. We have and continue to work together to plan and build the transmission delivery system to serve our customers.

Thank you for the opportunity to comment on these important issues.

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